

Department of the Army
Headquarters, United States Army
Training and Doctrine Command
Fort Monroe, Virginia 23561-1047

***TRADOC Regulation 37-4**

5 March 2001

Financial Administration
FUND CONTROL, RECONCILIATIONS, CERTIFICATION

Summary. This regulation provides policies and procedures for the effective management and control of prior year appropriated funds.

Applicability. This regulation applies to HQ TRADOC staff, installations and activities.

Supplementation. Supplementation of this regulation is prohibited without prior approval from Commander, TRADOC, ATTN: ATRM-AS, 5 North Gate Road, Fort Monroe, VA 23651-1048.

Suggested improvements. The proponent of this regulation is the Deputy Chief of Staff for Resource Management (DCSRM). Send comments and suggested improvements on DA Form 2038 (Recommended Changes to Publication and Blank Forms) through channels to Commander, TRADOC, ATTN: ATRM-AS, 5 North Gate Road, Fort Monroe, VA 23651-1048. Suggested improvements may also be submitted using DA Form 1045 (Army Ideas for Excellence Program (AIEP)) Proposal.

Availability. This publication is available on the TRADOC Homepage at <http://www.tradoc.army.mil>.

Contents		
	Paragraph	Page
Chapter 1		
Introduction		
Purpose.....	1-1	2
References	1-2	2
Explanation of abbreviations and terms	1-3	2
Objectives.....	1-4	2
Chapter 2		
Responsibilities		
General	2-1	3
Periodic analysis.....	2-2	3

***This regulation supersedes TRADOC Pam 37-2, 28 March 1986.**

Contents (cont)

	Paragraph	Page
Chapter 3		
Overview		
Fund allowance system	3-1	3
Prior year funds	3-2	4
Canceling year appropriations.....	3-3	4
Joint Reconciliation Process (JRP)	3-4	6
Year-end procedures	3-5	6
Appendixes		
A. Fund Allowance Incident Report		6
B. Request for Prior Year Funds		7
Glossary		8

Chapter 1

Introduction

1-1. Purpose. The purpose of this regulation is to establish policies and procedures for accounting control of financial resources. It also outlines certain duties and responsibilities of personnel involved in establishing and maintaining administrative control of appropriated funds.

1-2. References.

a. DOD 7000.14-R, Department of Defense Financial Management Regulation, Volume 14, Administrative Control of Funds and Antideficiency Act Violations

b. Defense Finance and Accounting Service, Indianapolis Center (DFAS-IN) Regulation 37-1, Finance and Accounting Policy Implementation

1-3. Explanation of abbreviations and terms. Abbreviations and terms used in this regulation are explained in the glossary.

1-4. Objectives. The objectives of the policies established by this regulation are to:

- a. Integrate programming, budgeting, and financial control processes.
- b. Place control of available financial resources at the appropriate level of responsibility for managers to accomplish their missions within the constraints outlined in funding documents.
- c. Provide flexibility to adjust funding as missions change.

Chapter 2 Responsibilities

2-1. General. Specific details are listed in DFAS-IN Regulation 37-1. General responsibilities of key personnel are:

a. The installation commander has the overall responsibility for management and control of appropriated funds. The commander controls the purpose for which available financial resources are to be utilized, and ensures no obligation or expenditure is authorized or incurred in excess of available funds. In accordance with DFAS-IN Regulation 37-1 (chap 3), fund certification authority may be delegated to include further distribution of funds received and imposition of restrictions required to maintain control of such funds. Authority to certify availability of funds must be delegated in writing to a named individual. However, the installation commander still maintains overall responsibility.

b. Director of Resource Management (DRM) has overall responsibility for administering the financial management and program coordination functions. The DRM limits further subdivision of funds, monitors installation fund control procedures, and ensures appropriate training programs are in place to provide personnel with the knowledge, skills, and abilities to perform duties applicable to fund control.

c. Program and activity directors should delegate authority to the lowest practical level, furnish guidance, and establish controls to ensure ceilings are expended for mission essential requirements within the funding parameters. Obligation ceilings should not be exceeded at the program, activity, or sub-activity level without prior approval of the issuing authority.

d. DFAS is responsible for timely and accurate recording of obligations and expenses, and designing, operating, and maintaining Program Budget Accounting System (PBAS), the official fund distribution and control system.

2-2. Periodic analysis. Program, activity, and sub-activity directors must review and analyze ceilings and utilization progress to isolate shortages and excesses and determine the necessity for realignment of ceilings between accounts. If excesses develop, they must be reported to the budget officer and/or DRM to permit possible redistribution at the installation for the highest priority unfinanced requirements or for return to higher headquarters. If shortages develop, they must be reported to secure additional ceiling, or action must be initiated to cut back expenses to remain within available balances. In addition, it is essential that the analysis reveal any shortages or excesses on a timely basis.

Chapter 3 Overview

3-1. Fund allowance system.

a. The fund allowance system is an informal distribution of funding authority. It is not a formal subdivision of funds. Exceeding the allowance provided an installation/activity would

not constitute an Antideficiency Act violation unless the amount exceeded causes the command allocation to be exceeded. However, the system in no way relaxes fund control discipline that should be in place to ensure targets are not exceeded. A Fund Allowance Document issued by the PBAS will designate whether an appropriation is managed under the fund allowance system or as a formal subdivision/fund allotment (see fig 1).

b. Exceeding the TRADOC installation/activity fund allowance at the total appropriation level or at the sub-activity group level will require an immediate request for funding through existing funding channels and notification to this headquarters. Request should be submitted via electronic mail (E-mail) to atrmas@monroe.army.mil within one workday that an allowance was exceeded (appropriation and dollar amount). When notification is received from this headquarters that funds are available, installation personnel will submit a Fund Allowance Incident Report (FAIR) in accordance with appendix A. When funds are not available at this headquarters, the formal reporting requirements in DOD 7000.14-R, Volume 14 apply.

3-2. Prior year funds.

a. Expired funds are defined as appropriations available for obligation for a definite period that retain fiscal year identity for five years after expiration. HQ TRADOC DCSRM, Accounting Services Division (ATRM-AS), will centrally review prior year funds availability and assist in obtaining funds to cover prior year requirements. Installations/activities are urged to satisfy prior year funds requirements by generation of unobligated balances through aggressive review of unliquidated obligations on a monthly basis. Large excess balances should be returned to HQ TRADOC, ATRM-AS at that time. Unobligated balances that exceed \$1,000 for Operating and Maintenance, Army for the last two prior years will be automatically withdrawn monthly. If the unliquidated obligation balance is zero, all remaining unobligated funds will be withdrawn. In order to retain funds for open commitments, installations must submit a specific request that funds not be withdrawn. This request is due no later than the eighth workday of each month.

b. Installations/activities are not authorized to record upward obligation adjustments in excess of their unobligated funds available. Individual prior-year obligation adjustments of \$100,000 or more must be submitted to the HQ TRADOC DCSRM Accounting Services Division for approval. Request for funds for upward adjustments must be fully justified and certified that they meet the requirements of DFAS-IN Regulation 37-1 (chap 8) and any other rules/regulations/laws of the U. S. Government. These requests should be prepared by installation personnel in accordance with appendix B and submitted via E- mail to atrmas@monroe.army.mil.

3-3. Canceling year appropriations. Canceling year appropriations are defined as the fifth expired year of an appropriation. At the end of this period, balances will be closed and no longer available for obligation or disbursement. For closing appropriations, all outstanding balances must be withdrawn at the end of the fiscal year. Department of the Army has established a goal of 30 June to accomplish this. TRADOC strongly supports this goal. Closing appropriations do not cancel the U. S. Government's legal obligation to pay contractors for services rendered or products delivered. Actions must be taken to close out contracts or make interim payments for

I APPROPRIATION: 2102020 0 O&MA		FUNDING ALLOWANCE		DOCUMENT	07DEC00	09:50:52	PAGE 1
I ISSUED TO: COMMANDER		I ISSUED BY: CDR, HQ USA TRADOC		I SUSPENSE NUMBER	I ADVICE NUMBER		
		I DCSRM		I 2020-00-1090-015700441	I 01571543		
		I FT MONROE VA		I	I		
		I 23651		I	I		
I ALLOTMENT SERIAL	I FISCAL STATION	I EFFECTIVE DATE	I ISSUE DATE	I AGENCY	I SERVICE SERIAL	I AUTHORITY CHANGE	
		I 07DEC00	I 07DEC00	I 57	I	I 2020-00-1090-57-00071	
I SECTION A	PROGRAM	I PREVIOUS BALANCE	I INCREASE/DECREASE	I REVISED NET AMOUNT			
I DIRECT	11500000000	I 232,000.00	I 0.00	I 232,000.00			
I	12100000000	I 56,000.00	I 0.00	I 56,000.00			
I	12200000000	I 6,210,000.00	I 0.00	I 6,210,000.00			
I	31200000000	I 3,053,000.00	I 0.00	I 3,053,000.00			
I	31300000000	I 2,688,000.00	I 0.00	I 2,688,000.00			
I	32100000000	I 14,239,950.00	I 0.00	I 14,239,950.00			
I	32400000000	I 20,007,900.00	I 0.00	I 20,007,900.00			
I	32500000000	I 73,853,000.00	I 0.00	I 73,853,000.00			
I	32600000000	I 19,512,100.00	I 17,000.00	I 19,529,100.00			
I	33100000000	I 5,000.00	I 0.00	I 5,000.00			
I	33300000000	I 1,753,000.00	I 0.00	I 1,753,000.00			
I	33400000000	I 226,600.00	I 0.00	I 226,600.00			
I	42100000000	I 58,190.00	I 0.00	I 58,190.00			
I	42300000000	I 101,050.00	I 0.00	I 101,050.00			
I	43200000000	I 145,000.00	I 0.00	I 145,000.00			
I	43400000000	I 241,400.00	I 400.00	I 241,800.00			
I	43500000000	I 75,000.00	I 0.00	I 75,000.00			
I	45100000000	I 5,323.00	I 0.00	I 5,323.00			
	TOTAL DIRECT	I 142,462,513.00	I 17,400.00	I 142,479,913.00			
I REIMB		I 0.00	I 0.00	I 0.00			
	TOTAL REIMB	I 0.00	I 0.00	I 0.00			
	TOTAL	I 142,462,513.00	I 17,400.00	I 142,479,913.00			
I SECTION B	ALLOTMENT	I PREVIOUS BALANCE	I INCREASE/DECREASE	I REVISED NET AMOUNT			
I DIRECT		I 142,462,513.00	I 17,400.00	I 142,479,913.00			
I REIMB		I 0.00	I 0.00	I 0.00			
I	TOTAL DIRECT AND REIMB	I 142,462,513.00	I 17,400.00	I 142,479,913.00			
I SECTION C	LIMITATIONS CEILINGS/FLOORS	I PREVIOUS BALANCE	I INCREASE/DECREASE	I REVISED NET AMOUNT			
I DIRECT	0012 32500000000	I 4,700.00	I 0.00	I 4,700.00			
I	CNP 32100000000	I 2,604,000.00	I 0.00	I 2,604,000.00			
I	43400000000	I 128,400.00	I 0.00	I 128,400.00			
I REIMB		I 0.00	I 0.00	I 0.00			
I SECTION D	MANAGEMENT INFORMATION	I PREVIOUS BALANCE	I INCREASE/DECREASE	I REVISED NET AMOUNT			
I DIRECT		I 0.00	I 0.00	I 0.00			
I REIMB	AGGR 32500000000	I 33,000.00	I 0.00	I 33,000.00			
I	FRST 32500000000	I 44,000.00	I 0.00	I 44,000.00			
I REMARKS:							
I REPROGRAM							
I FOOTNOTES:							
(01) THE AMOUNTS REFLECTED IN THE ANNUAL ALLOWANCE PROGRAM, SECTION A, ARE TARGETS WHICH REPRESENT AN ADMINISTRATIVE DISTRIBUTION OF FINANCIAL RESOURCES FOR THE PURPOSE OF INCURRING OBLIGATIONS. THESE AMOUNTS SHOULD NOT BE EXCEEDED WITHOUT THE KNOWLEDGE AND CONCURRENCE OF YOUR NEXT HIGHER FUNDING AUTHORITY. EXCEEDING A TARGET IS NOT ITSELF AN ANTI-DEFICIENCY VIOLATION, BUT COULD RESULT IN A MEMBER OF THE RECIPIENT'S COMMAND BEING NAMED RESPONSIBLE FOR AN ANTI-DEFICIENCY VIOLATION IF THE GOVERNING FORMAL SUBDIVISION IS EXCEEDED.							
(02) AUTHORITY IS GRANTED TO PERFORM WORK ON AN AUTOMATIC REIMBURSABLE BASIS. FUND AVAILABILITY IS INCREASED FOR AUTOMATIC REIMBURSEMENTS, BASED UPON ACCEPTANCE OF CUSTOMER ORDERS WITH THE EXCEPTION OF ORDERS FROM NON-GOVERNMENT SOURCES (SEE DFAS-IN 37-1, CHAPTER 3 PARAGRAPH 032002 EXCEPTIONS TO FUND COMPUTATIONS).							
(03) AMOUNTS IDENTIFIED IN SECTION C AS CNP REPRESENT FUNDING FOR APPROVED COUNTER DRUG PROJECTS. USE OF THESE FUNDS FOR OTHER THAN APPROVED COUNTER DRUG PROJECTS IS PROHIBITED WITHOUT PRIOR APPROVAL FROM THE NEXT HIGHER FUNDING AUTHORITY.							

DA FORM 1323-C

Figure 1. Sample funding allowance document

contracts funded by canceling appropriations to ensure valid payments are made prior to cancellation of funds to preclude use of current funds. Prior to closing, all abnormal balances must be resolved including negative unliquidated obligations, over-disbursements, and over-

payments. (Refer to DFAS-IN Reg 37-1, chap 9 for exceptions to this policy.) Each installation shall provide a list of canceled contracts that have undisbursed balances or the potential requirement for use of current year funds. This list shall contain contractor name, contract number, document number, dollar amount, and appropriation. This information should be provided to HQ TRADOC, ATRM-AS at the same time the deobligations are made.

3-4. Joint Reconciliation Process (JRP). The purpose of the JRP is to ascertain the validity of recorded and reported data concerning available financial resources. Periodic reviews of outstanding commitments and obligations contribute to accurate accounting reports and the elimination of unmatched disbursements and negative unliquidated obligations. Joint reviews establish procedures for continuing analysis of the unliquidated obligation files to ensure all recorded transactions are supported by appropriate documents representing valid obligations. In addition, reconciling commitments and obligations may reduce Antideficiency Act violations. During this reconciliation process, personnel from resource management and DFAS identify which reconciliations are to be made and what procedures are to be used, when they are to be made, who has primary responsibility for making them, and what action is to be taken on the disclosed differences. Participants include managerial accountants, DFAS operating location personnel, budget analysts, and program directors. This joint review process should take place at least three times a year. Detailed instructions for these reviews are contained in DFAS-IN Regulation 37-1 (chap 27). Internal controls for this review should be in place to support the certification required by law.

3-5. Year-end procedures. All prior year accounts will be closed by 12 noon (EDT) on 30 September. All reprogramming of funds shall be completed no later than 20 September. HQ TRADOC ATRM-AS will forward a memorandum of instruction to each installation no later than 15 August with further fiscal year-end procedures.

Appendix A

Fund Allowance Incident Report

A-1. Purpose. This appendix lists the information to be included in the FAIR. The purpose of this report is to inform TRADOC headquarters that the installation or sub-activity group fund allowance was exceeded and additional funding was made available. The circumstances surrounding the incident (what happened and why, and corrective action to preclude recurrence) will be described. (See fig A-1)

A-2. Procedure. The FAIR will be sent within five working days to this headquarters, via E-mail addressed to atrmas@monroe.army.mil.

A-3. Content. The FAIR will include—

- a. Accounting classification of funds involved.
- b. Name and location of organizational unit that caused the allowance to be exceeded.
- c. Amount of fund allowance or sub-activity group that was exceeded.

- d. Nature of the overage: choose either total allowance or sub-activity group (SAG).
- e. Date allowance exceeded and date first discovered.
- f. Brief but comprehensive narrative of why the allowance was exceeded and corrective action taken to prevent recurrence.

From: John Smith@swampy.army.mil
 Sent: Friday, March 31, 2000 3:38 PM
 To: ATRMAS@MONROE.ARMY.MIL
 Subject: FAIR report

- a. Accounting classification of funds involved: 2192020 57-1999 326 S31111
- b. Name and location of unit that caused the allowance to be exceeded: Directorate of Logistics, Fort Swampy, VA
- c. Amount of fund allowance (or SAG) exceeded: \$2,500,000.00
 Amount of overage: \$17,257.12
- d. Nature of overage (choose one): Total allowance exceeded or Total SAG exceeded
- e. Date allowance was exceeded and date first discovered: Allowance was exceeded 27 Oct 99 and detected 3 Nov 99
- f. Narrative of why allowance was exceeded and corrective action to be taken to prevent recurrence:

 This over-obligation resulted from non-reversal of a payroll Miscellaneous Obligation Document (MOD). Fund managers processed reversal of MOD via dCAS on 8 Nov 99. Funds managers were given stricter guidance on reversing MODs immediately after actual obligations have been recorded.

Figure A-1. Sample Fund Allowance Incident Report

Appendix B

Request for Prior Year Funds

B-1. Purpose. This appendix states the requirements and the format to use when requesting additional prior year funds and provides a sample request (fig B-1).

B-2. Scope. These procedures apply to all personnel authorized to certify funds.

B-3. Format. Request will be in the following format:

- a. Appropriation and fiscal year.
- b. Original contract number and value. Include the description, dollar value, and reason for the original contract.

- c. Amount of request and contract modification number.
- d. Justification or reason for request.
- e. Within-scope certification statement. Must include name, title, and telephone number of the individual making the determination. The certification statement must include why the changes are within the scope of the original contract.
- f. Source of funds.
- g. Any additional pertinent information.
- h. Submit request to atrmas@monroe.army.mil.

From:	John Smith@sill.army.mil
Sent:	Friday, March 31, 2000 3:38 PM
To:	ATRMAS@MONROE.ARMY.MIL
Subject:	Request for Prior Year Funds
a. Appropriation and fiscal year: 2182020 57-1082 P326 S34031	
b. Original contract number: MIPR8MSLKK0006 Total Amount \$1,942,990 Asbestos Abatement	
c. Amount of request and contract modification number: \$127,125 Modification #3	
d. Justification for request: Increased costs due to discovery of additional asbestos areas	
e. Certification statement: Increases in costs are due to finding additional asbestos in confined spaces and finding a wall that did not extend to the ceiling. Removing all asbestos in the basement and connected areas was the original scope of work. Certification made by Burl Ragland, Tulsa District Corps of Engineers, DSN 639-1110.	
f. Source of Funds: Direct	

Figure B-1. Sample Request for Prior Year Funds

Glossary

Section I Abbreviations

DFAS	Defense Finance and Accounting Service
DRM	Director of Resource Management
FAIR	Fund Allowance Incident Report
JRP	Joint Reconciliation Process

MOD	Miscellaneous Obligation Document
PBAS	Program Budget Accounting System
SAG	sub-activity group

Section II

Terms

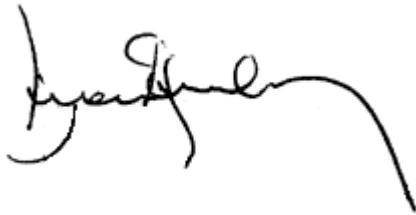
Antideficiency Act

That portion of Title 31, United States Code (sec 1341) concerning the proper use of appropriated funds that prohibits incurring obligations or making expenditures in excess of an apportionment.

FOR THE COMMANDER:

OFFICIAL:

JOHN B. SYLVESTER
Major General, GS
Chief of Staff

A handwritten signature in black ink, appearing to read 'Thom E. Tuckey', with a long, sweeping horizontal stroke extending to the right.

THOM E. TUCKEY
Colonel, GS
Deputy Chief of Staff
for Information Management